
IN THE
Supreme Court of the United States

OCTOBER TERM, 1978

No. 78 - 26

SEARS, ROEBUCK & CO., a corporation,

Petitioner,

vs.

PETER M. ROBERTS,

Respondent.

ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED
STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

**BRIEF OF PETER M. ROBERTS, RESPONDENT,
IN OPPOSITION TO THE
PETITION FOR WRIT OF CERTIORARI
FILED BY SEARS, ROEBUCK & COMPANY**

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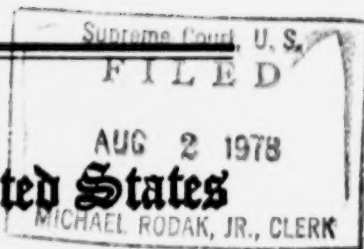


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CORRECTED STATEMENT OF THE CASE

The facts which fully support the verdict of the jury are well summarized in the Opinion of the Court of Appeals. Plaintiff-Respondent will not tender a complete Statement of Facts, although Sears has omitted completely any reference to its conduct in fully evaluating, testing, and deciding to replace nearly all of its product line with Roberts' Quick Release Device while

outrageously misrepresenting its merchantability, low manufacturing cost, and Sears' plans for marketing to Roberts. Sears also completely omits mention of its grossly improper conduct in employing Charles Fay, the attorney Sears knew was representing plaintiff without disclosing to Roberts that Sears had done so. The Court of Appeals' Opinion correctly and adequately covers the evidence on these subjects.

However, as it was necessary to do in the Court of Appeals, plaintiff must correct serious misstatements of fact contained in Sears' Petition. For this Court to allow certiorari based on the facts and argument in Sears' Petition would be to allow certiorari in a nonexistent, totally fictitious, case which is surely not the case tried in the District Court and described in the Court of Appeals' Opinion affirming the findings against Sears. One would expect that the hallmark of any submission to any court, and especially this Court, would be the punctilio of candor, especially when the petitioner has been accused and found guilty of gross misconduct by committing fraud, breach of a confidential relationship, and misrepresentation. Unfortunately, the District Court found occasion to remark about the insincerity of Sears' position during the trial (Tr. 2184-85), and the Court of Appeals remarked about Sears' lack of candor, finding one argument "disingenuous" (*Roberts*, 573 F.2d at 981) and finding that "by citing materials out of context, Sears has severely mischaracterized the District Court's analysis" (*Roberts*, 573 F.2d at 982). Sears' brief contains so many misstatements or misrepresentations by inference that it is difficult to be charitable and regard those errors as inadvertent, nor can all be answered in detail within reasonable page limitations. Many of the statements to be corrected below have previously been corrected in the Court of Appeals. (See Clarification of Fact in Plaintiff's Answer Brief To Brief On Cross-

Appeal Of Sears, Roebuck & Co., Cross-Appellant, pp. 21-34).

First, Sears misstates the fundamental nature of the case. Rather than being an action for "compensation for use of an invalid patent," examination of the complaints filed in the District Court and the Opinion of the Court of Appeals shows beyond peradventure that plaintiff's claim was one for rescission of an Agreement he was induced to enter by fraud and as a consequence of which he parted with ownership of his invention of a Quick Release Device and the attendant rights to use and commercialize that discovery and to all the know-how and engineering embodied in the only existing prototype of his confidential idea. The jury so found, and its findings were heartily sustained by the District Court and Court of Appeals which also found that plaintiff sought return of his property and the profits Sears unjustly obtained as a consequence of its gross misconduct, not simply "compensation." Sears itself recognized as much in the District Court as long ago as April 9, 1973, when it wrote:

Plaintiff seeks rescission of the contract and upon such rescission, injunctive relief, an accounting and damages.

...
The case before this Court is *not an action at law for damages* . . . It is a suit to rescind a fully executed contract . . . (Sears' Memo. In Opposition To Plaintiff's Motion For Jury Trial And In Opposition To His Motion To Bar Trial Of The Validity Of His Patent, at 2, 4, filed April 9, 1973).

Sears misstates the nature of plaintiff's property which it obtained by reason of its fraud, repeatedly arguing that plaintiff gave up only his patent, and further arguing that the "value of the patent" was in issue in the trial court. Reference to the Assignments Sears drew and tendered to the plaintiff shows that he

relinquished and Sears purchased all of Roberts' right, title and interest in his Quick Release idea and invention, including any patents which had or would issue. Among the benefits Sears obtained by this Agreement, in addition to the assignment of the patent, were the disclosure itself, bringing this unique and highly promotable idea to Sears' attention, and the completed reduction of the invention to a fully dimensioned working prototype. Sears also obtained resulting lead time allowing extensive testing and preparation for massive production so as to obtain an early and long lasting monopoly of the market for this new tool. It also obtained Roberts' rights to commercialize his invention worldwide. Significantly, Sears also obtained complete freedom from fear of an infringement action along with the presumptive validity of any patents which might issue.

Sears omits disclosing that when the patent office informed Charles Fay, in May of 1965, that a patent would be allowed on the Roberts application, that information was conveyed to Sears by Fay (whom Sears was then negotiating to employ in its own behalf without disclosure to Roberts), but not to Roberts. Knowing that a patent would be allowed, Sears drafted the Memorandum of Agreement in such a way that it inferred no patent might issue. Even more significantly, before the patent issued in September of 1965, Sears instructed Fay (by then its employee) to allow Sears to examine the allowed claim. Only after Sears had carefully done so, and after it had previously received the opinions of Fay, the manufacturers' patent lawyers, and its own patent lawyers, that there was novelty in the Roberts invention, did Sears then instruct Fay to cause the patent to issue. Thus, it was Sears, not Roberts, who caused the patent to issue in its existing form and thereby caused public disclosure of Roberts' previously secret device, as well.

Needless to say, as the Court of Appeals' Opinion discloses and contrary to Sears' statement in its Petition, Sears did not obtain Roberts' property "by agreement" but by fraud, the agreement being only the artifice used to accomplish the end.

Sears seriously mischaracterizes the concept of the Quick Release Device. It does not simply provide for release of a socket by means of a push button, but consists of a strong and dependable mechanism which satisfies a long-felt need in the industry by making possible the positive retention of the socket on the ratchet wrench (a highly important tool in the automotive industry) and, more importantly, at the same time providing for the quick and easy attachment and removal of sockets by means (for the first time) of a *one-hand operation*. No wrench ever made and sold provided this revolutionary feature. Sears' statement that there existed two earlier patents on the same concept is false, being only Sears' contention. No court has ever so held, and no challenge to the Roberts patent has ever been made except for Sears' improper attempt in defense of this case. The import of one of those two patents, the Gonzalez patent, was fully aired at the trial and rejected by the jury. As will be shown later, the other patent on which Sears relies, the Carpenter patent, bore no relevance whatever to the issues in this case and, despite Sears' misleading colored drawings, is demonstrably different in structure, operation, function, and purpose.

It is not true that plaintiff approached defendant or commenced negotiations with defendant. Rather, when the plaintiff, who was but a young hardware clerk in a Sears retail store when he invented his Quick Release Device on his own time, showed his prototype to the store manager, the store manager persuaded him to submit both the confidential idea and the fully workable prototype to Sears through its formal suggestion system.

Leonard Schram, a Sears attorney, after Sears had held and tested plaintiff's prototype for eight months, finally contacted plaintiff by telephone in Tennessee.

Sears misstates its concern about the validity of any patent which might have issued on Roberts' invention. Leonard Schram, Sears' attorney, testified the company was not concerned about validity, but only that they not infringe some pre-existing patent. (Tr. 2265-66) Indeed, at the time Sears evaluated Roberts' prototype, it had received the opinions of Charles Fay, of the patent counsel for Sears' captive manufacturer, Moore, and of its own patent counsel, that there was novelty in the Roberts' concept. Significantly, Sears never expressed concern about the validity of any patent which might issue on his invention to Roberts. Quite the contrary, Arthur Griesbaum, Sears' chief buyer for hand tools, testified that learning a patent had actually issued would relieve any concern about validity which he had. (Tr. 2037) Sears' only representation to Roberts was that the patent would be "limited" (ostensibly meaning that it would only cover application to ratchet wrenches). The strained interpretation of that representation now claimed by Sears (*i.e.*, that it could be easily avoided by competitors) found its way into evidence only out of the mouths of Sears' trial witnesses, but is not reflected in the words penned by the participants at the time of Sears' fraudulent conduct. The common sense and correct interpretation of Sears' words is, however, that the claim is a narrow one, covering only this application of a quick release feature to ratchet wrenches, but that the patent is still a good, strong, valid patent. (Bush at A. 310). The court recognized this common sense meaning (Tr. 503) and Sears' counsel agreed (Tr. 503). Sears' claim now that it did not have plaintiff's patent application before it during the period of evaluation rings hollow, for Sears never even requested a copy from Roberts or Fay and because Sears

did in fact have the allowed patent claim before it whereas that information had been withheld from Roberts by his lawyer whom Sears actively negotiated to hire and did hire in its own behalf.

The conclusion must be, as Schram himself admitted, that in acquiring plaintiff's Quick Release Device, Sears cared not one whit about the validity of any patent which might issue, but only that no prior patentee could restrain Sears' exploitation of this fantastically useful and marketable invention. As Judge Leighton recognized and ruled, and as the Court of Appeals reviewed and affirmed, Sears' determination of the value of Roberts' invention at the time it misrepresented to Roberts that it had extremely nominal value was based not at all on the strength or weakness of any patent which might issue.

Sears erroneously contends that Charles Fay submitted several counter proposals. Rather, he submitted one, meek letter in February of 1965, suggesting a larger royalty with no ceiling (PX 28), which Sears decisively rebuffed. In response to Sears' final offer contained in its letter of April 23, 1965, however, Fay suggested to Sears (without informing Roberts) that Sears might want to obtain foreign rights to Roberts' invention, something never discussed before (PX 36). Contrary to Sears' assertion that *some* of Fay's proposals were accepted by defendant, the only proposal accepted by Sears was one to provide Sears all of Roberts' foreign rights without paying Roberts one additional penny.

Sears' statement that plaintiff looked elsewhere for a better price but could not obtain one is misleading, because it fails to disclose the time sequence involved and the fact that the only inquiry was a casual, momentary conversation between Fay and a man named John DeLiso, of a small old line local tool company, the Stevens-Walden Co., in Massachusetts long before Sears

indicated any real interest in the item. This conversation took place long before, not after, as Sears would infer, Schram's April 23 offer. DeLiso told Fay only that the idea would not be profitable *for his company* to go into, without explaining why. However, Warren Wieland, an executive with Duro Metal Products Company, explained that Stevens-Walden would not find this invention profitable for them because they were an old, small company selling principally to the Government and one or two distributors and are not regarded as a competitive force in the hand tool industry (Tr. 1526).

Sears states that it did not market any wrenches equipped with Roberts' device until after the patent issued, but fails to disclose, as the Court of Appeals observed, that "within days after the signing of the contract, Sears was manufacturing 44,000 of plaintiff's wrenches per week—all with plaintiff's patent number prominently stamped on them—and within three months, Sears was marketing them as a tremendous breakthrough." (*Roberts*, 573 F.2d at 980). Although the Agreement was not signed by Sears until late July, 1965, and no offer was made to Roberts until April 23, 1965, Sears had decided in March of 1965 to design a fine tooth wrench with a Quick Release feature built into it and to incorporate the Quick Release feature into its then existing wrench models which constituted nearly 75% of all wrenches Sears sold. (*Roberts*, 573 F. 2d at 979). That Sears did not actually hit the market with its massive production of Roberts' wrenches until a short time after the patent itself issued (at Sears' direction and approval) is totally inconsequential.

Sears also misrepresents the diligence of the parties in asserting their claims. Sears infers delay on the part of the plaintiff by stating he received his royalty payments and then "more than four years later" filed this suit. Sears fails to disclose that the plaintiff entered military

service in the United States Air Force shortly after signing the Agreement and was thereafter stationed in England for four years until 1969 (A. 46, 195-96). Although he sought legal counsel concerning this matter while in the Air Force, Roberts was informed by military lawyers that they were unable to assist him and that he should seek counsel upon return to the United States (A. 196-97; Tr. 410-14). Promptly upon his discharge and return to the United States in 1969, Roberts consulted counsel, notified Sears that he was rescinding the Agreement, tendered return of the royalties he had received, and commenced suit.

On the other hand, contrary to the inference of diligence Sears would have the Court draw when it states it denied the allegations of the complaint and "pleaded as an affirmative defense that plaintiff's patent was invalid" (Sears' Pet. at 6), Sears does not disclose that it failed to plead invalidity as an "affirmative defense" until April of 1973 in responding to plaintiff's Amended Complaint fully three and one half years after suit had been filed. Even worse, Sears incorrectly states that Judge Leighton (who presided over this case for nine months before trial, not "shortly before trial") ignored "uniform" rulings that patent invalidity was a basic issue to be tried first. Sears fails to disclose that Judge Prentice Marshall had earlier set all issues for trial at one time (Order of Dec. 19, 1973), that Judge Leighton had given very careful consideration to the posture of the pleadings and rulings of the judges who presided over this case before him, but (most significantly) that the posture of the pleadings when Judge Leighton ruled was radically different than at the time of earlier decisions, as he repeatedly told Sears' counsel. The different posture of the case was recognized by Judge Leighton on the second day of trial, December 21, 1976, when he asked Sears' counsel how a patent owner can ask the court to hold his own patent invalid; when he

distinguished Sears' erroneous interpretation of *Lear, Inc. v. Adkins*, 395 U.S. 653 (1969); and when he specifically told Sears that the posture of the case was different at the time of trial than when earlier judges had ruled (Tr. 68-69). Far from being even an important issue since the inception of this case, the validity of plaintiff's patent has never properly been placed in issue by Sears, as the trial court recognized. On no less than nine different days of trial and no less than 25 different occasions, Judge Leighton wondered at, inquired about, considered, and finally rejected Sears' peculiar attempt to conduct what can only be termed a one-man declaratory judgment action.¹

Although Sears claims it was "required to purchase the Gonzalez Quick Release feature for hand wrenches" (Sears' Pet. n. 5, at p. 5), the fact Sears omits disclosing is that when the Gonzalez claim was made in 1968, Sears consulted patent counsel for a second time, was told for a second time that the Roberts design did *not* infringe Gonzalez, but decided based on counsel's advice to purchase the Gonzalez feature not out of fear of infringement, but rather by a desire to monopolize the market. A letter from Sears' counsel told Leonard Schram at that time that while there was no infringement, it might be worthwhile to acquire the Gonzalez patent and suppress it to stop anyone else from competing with the Roberts construction (Tr. 2293).

Concerning the conduct of the trial, Sears erroneously states that the court received plaintiff's evidence con-

¹ Dec. 20, 1976—Tr. 8, 10, 11, 20, 24; Dec. 21, 1976—Tr. 68-69, 131; Dec. 23, 1976—Tr. 463, 466-67, 490-96; Dec. 27, 1976—Tr. 509; Dec. 28, 1976—Tr. 739, 775-78; Jan. 6, 1977—Tr. 1925; Jan. 7, 1977—Tr. 2177-205; 2180-81, 2184; Jan. 11, 1977—Tr. 2399-426; 2567-70, 2572, 2579-81, 2602; Jan. 14, 1977—Tr. 2881-87, 2983, 3190.

cerning prior art and the value of the patent but refused to receive the same evidence when tendered by defendant. Review of the record reveals this statement to be palpably false. Plaintiff presented no evidence whatever concerning prior art, but only testimony about the problems workers suffered in trying to remove sockets from wrenches then available. Plaintiff presented no evidence whatever concerning the "value of the patent," but only evidence of the enormous benefits and profits Sears obtained from the use of plaintiff's property. On the other hand, Sears not only offered evidence which was admitted (the Gonzalez patent) when it was deemed relevant by the court to a contested issue in the case (Sears' state of mind concerning the value of plaintiff's device in 1965), but also offered evidence of "prior art", being the Carpenter patent, a Snap-on Tools Corporation Loxocket, and patents issued to Peterson, Rhine-vault,* Beers,* Wendling,* DePew,* and Drazick,* none of which were relevant to any contested issue in the case and were therefore excluded. As Judge Leighton ruled, the Carpenter patent was not known to Sears until 1971, two years after this case was filed, and played no part in its evaluation of the value of Roberts' invention, nor had it affected the value of Sears' use of Roberts' invention after its discovery (Tr. 2425). The other patents Sears offered were offered without the support of any witness testimony that they were known to, relied upon by, or in any way affected Sears' opinion in 1965. Although those patents were "prior," there was no foundation laid for their admissibility. Finally, Sears fails to tell this Court that one of the other items of "prior art" which it offered was a Loxocket (and catalogue pages showing the Loxocket), which was not a Quick Release device for wrenches at all, or even a wrench, but rather a type of socket which locks onto power tools.

* Cited by the patent examiner in the Roberts Patent No. 3,-208,318.

Although *both* parties argued their theory about the validity of the patent, the crucial point is that validity was not in issue under the state of the pleadings. In fact, while plaintiff explicitly argued that the validity of this patent made no difference to the decision of the case (Tr. 3330), the evidence showed that Sears was continuing even through trial to exploit the value of the patent in its Retail Merchandise Lists (PX 183; excerpt attached as Appendix A).

Finally, Sears complains that plaintiff "will assert" his patent against defendant and others upon rescission of the Agreement. (Sears' Pet. n.8, at p. 7). This complaint is peculiar, since Sears claims that it wants a determination of the validity of the patent, and repeatedly asserts the patent is "worthless" even to the extent of asking this Court, without any proper adversary proceeding having been instituted by Sears, to determine the validity of plaintiff's patent. Sears has not explained why, however, if it is confident the patent is not valid, it simply did not agree to rescind and return the patent to Roberts as early as 1969 when he tendered repayment to Sears of the ten thousand dollars it had paid him, and thereby place him in an adversary position enabling Sears to obtain a determination of validity. Moreover, although Sears claims plaintiff's patent to be "worthless," the fact is that even to the day of trial in 1976, Sears continued to manufacture and sell its Quick Release ratchet wrenches under the Roberts patent and held them out in its Retail Merchandise Lists as being "patented." (PX 183). To this day, despite the jury verdict and the Opinion of the Court of Appeals, Sears continues to refuse to execute complete and proper assignments to plaintiff of the rights plaintiff relinquished

as a consequence of Sears' fraud.² Indeed, although Sears claims these patents to be worthless, the zeal with which Sears retains them extends even into the sincerity of this appeal, for Sears has told the District Judge, after informing him that Sears was preparing a Petition for Certiorari, that "if rescission is not allowed, I suspect that there would be no point in appealing the case to the United States Supreme Court." (Tr. of Proc. May 19, 1978, at 4). Since the Court of Appeals and Justices Stevens and Burger denied Sears' petition for a stay of the mandate, Sears has paid plaintiff the money judgment of \$1,000,000.

We regret having to conclude that these misrepresentations made by Sears show that although it is one of this nation's largest retail companies, Sears evidently will do anything and say anything to anyone in order to keep these "worthless" patents, even to the extent of abandoning this appeal if only they may retain Roberts' property.

We respectfully suggest that the Court should deny Sears' Petition not only because it fails to assert grounds sufficient to warrant certiorari, but also because of the misrepresentations of fact Sears has made.

² Instead, in responding to plaintiff's Motion and Supplemental Complaint seeking rescission which is now pending in the District Court, Sears has attempted to avoid re-assignment of the important ancillary rights it obtained from Roberts of his rights to sue past infringers and to commercialize the Quick Release device worldwide, by tendering only a re-assignment of the patents themselves deliberately withholding mention of these important attributes.

ARGUMENT

I. THE COURT OF APPEALS' OPINION, CONSISTENT WITH *KEWANEE v. BICRON* AND IN HARMONY WITH *LEAR, INC. v. ADKINS*, PROPERLY DECIDED THAT NOTHING IN PATENT LAW REQUIRES COURTS OF JUSTICE TO PERMIT FRAUD TO GO UNREMEDIED.

Sears' effort in the District Court and Court of Appeals, as the Court of Appeals' Opinion implicitly recognizes, has been to cloak and thereby attempt to shield its fraud in the mantle of the public interest in patent law. But as the Court of Appeals decided, after carefully reviewing this Court's recent pertinent authorities on the subject, ". . . nothing in patent law requires this Court to permit fraud to go unremedied." (*Roberts*, 573 F. 2d at 982). A more accurate statement of the question presented for review than the one Sears tenders in its Petition, would be: *Whether a corporation which acquires patent and other rights by fraud, breach of a confidential relationship, and misrepresentation, which thereafter uses those wrongfully obtained rights to its great benefit for 13 years, and which actively prevents adjudication of the validity of the underlying patent it caused to issue on the invention it fraudulently obtained, may then interpose a nonadjudicated claim of invalidity to immunize its fraudulent misconduct?* Nothing this Court has said, held, or implied in any decision supports Sears' attempt to obtain judicial sanction of its unconscionable behavior. To so contend is to demean this Court's decisions and attempt to subvert the judicial process to become the handmaiden of commercial deceit.

Sears' Petition cites a number of cases peripherally, but bottoms on an erroneous interpretation and attempt

to extend this Court's decision in *Lear, Inc. v. Adkins*, 395 U.S. 653, 23 L. Ed. 2d 610 (1969). The Court of Appeals exhaustively explained the significant differences between this case and *Lear*, differences which Sears now obfuscates in an effort to obtain access to this last forum. Sears mischaracterizes the facts in *Lear*, as it does for the *Roberts* case itself, by implying that the defendant in *Lear* operated under the patent when it says the defendant "breached its agreement and refused to pay the agreed royalty on the basis that the patent was invalid." (Sears' Pet. at 9) The fact is, as plaintiff has pointedly reminded Sears in briefs filed in the District Court as well as the Court of Appeals, that the defendant in *Lear* repudiated the agreement in 1957, fully three years before any patent issued in 1960, and consequently *never operated under the patent and never obtained benefits from it and never enjoyed freedom from an infringement action.*

In an effort to distinguish the Court of Appeals' reasoning that patent policy prevailed over private equity in *Lear* only after the Court balanced the claims of the parties in accord with requirements of commercial good faith, Sears also mischaracterizes this Court's discussion of the equities of the parties in *Lear*. Thus Sears somewhat perversely boasts that it "honored" the fraudulently obtained agreement and attempts to compare its conduct favorably with that of the defendant in *Lear* who simply breached its contract. Sears distorts the Court of Appeals' language and speaks of equities as evenly balanced as in *Lear*, even though the Court of Appeals found "There is no balance of equities between Sears and plaintiff in their contractual relations." (*Roberts*, 573 F.2d at 982) The Court also found "Sears' actions in this matter have violated completely the basic assumption in *Lear* that there was good faith in the dealings between the parties." (*Roberts*, 573 F. 2d at

982). Obviously, the equities of which the Court of Appeals spoke and which this Court balanced in *Lear* (before turning to a consideration of patent policy) concerned the good faith of the two parties at the time they negotiated the initial contract, not the parties' subsequent treatment of the contract (which was bona fide in *Lear* but bogus in *Roberts*). In this case, Sears starts from a position of bad faith, and consequently can claim no protection under patent policy or this Court's holding in *Lear*.

That Sears cannot shield fraud behind patent policy was determined by this Court in *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 487, 40 L. Ed. 2d 315 (1974), which the Court of Appeals cited in support of the unsailable proposition that nothing in patent law discourages states from preventing commercial misconduct.

Consistent with *Lear*, decisions of the Seventh Circuit Court of Appeals in *Kraly v. National Distillers and Chemical Corp.*, 319 F. Supp. 1349 (N.D. Ill. 1970), *aff'd.*, 502 F.2d 1366 (7th Cir. 1974), and *Moraine Products v. ICI America Inc.*, 538 F.2d 134 (7th Cir. 1976), demonstrate that Circuit's clear recognition that one whose patent property has been used to great benefit by another is entitled to monetary recovery until such time as the user ceases to assert that its activities are covered by the patent, has repudiated the patent and any agreement pertinent thereto, and has assumed the risk of liability for infringement. In *Kraly*, the court quoted language from Judge Will's district court opinion with approval, stating:

We do not, however, believe that our present finding of invalidity relieves the defendant of its obligation to pay royalties for the period in which it was enjoying the benefit of its license . . . So long as [the] defendant sought the protection of the pa-

tent, it is only equitable that it should discharge its royalty obligation under the license agreement. Once it ceased to represent that its product was licensed under that patent, it had repudiated the license agreement and assumed the risk of being found liable for infringement without receiving the concomitant commercial benefit of being a licensee. (emphasis added) *Kraly*, 502 F.2d at 1372.

In *Moraine*, where the defendant suppressed a licensed patent, the court held the plaintiff was entitled to recovery for the loss of the reasonable and justifiable expectation of economic benefits from the exploitation of the patent until the date it was adjudicated invalid.³ In the case at bar, the evidence shows that Sears continues to assert that its activities are covered by the patent in its Retail Merchandise List comprising basic information conveyed to store employees to be further conveyed to customers (Button at Tr. 1609; Norris at Tr. 1434-35) and continues to avoid the risk of liability for infringement.

Plaintiff's position here presents a stronger case for relief than *Kraly*, *Moraine* and the other cases cited above because Sears obtained not just a license, but the complete assignment of not only the patent, but the numerous other substantial benefits of rights to Canadian patent property, rights to foreign patents which could have been perfected, and a fully workable prototype tool and attendant know-how and technical information, all of which Sears obtained before the issuance of any patent, allowing extensive testing and

³ Accord, *Troxel Manufacturing Co. v. Schwinn Bicycle Co.*, 465 F.2d 1253 (6th Cir. 1972), and 489 F.2d 968, 973 (6th Cir. 1973), cert. denied, 416 U.S. 939 (1974), holding the licensee liable for royalties until the time the finding of invalidity in a separate case brought by an unrelated third party was affirmed on appeal. See *Heltra, Inc. v. Richen-Gemco, Inc.*, 395 F. Supp. 346 (D.S.C. 1975), rev'd on other grds., 540 F.2d 1235 (4th Cir. 1976) (an assignment case).

preparation for massive exploitation.⁴ In addition, none of the cases cited by Sears involves the compelling state interest in preventing fraud, misrepresentation, and breach of a confidential relationship so glaringly present here.⁵ As these decisions demonstrate, Sears' conclusory statement that damages may not be recovered from one who uses an "invalid" patent is grossly overbroad and does not correctly state the law.

To avoid the Court of Appeals' reasoned distinction that the assignment Sears obtained in this case (different from the license previously discussed between the parties) also took the case out of the *Lear* umbrella, because there was then no patent policy to be served, Sears cites many cases in support of the proposition that an exclusive license is "usually" tantamount to an assignment. But this out of context statement completely misses the point, because the rights an exclusive licensee obtains vis-a-vis other parties have nothing to do with this controversy between the parties to the assignment.

⁴ As it did in both the trial court and Court of Appeals, Sears has again misquoted *Beckman Instruments, Inc. v. Technical Development Corp.*, 433 F.2d 55 (7th Cir. 1970) which simply held that the doctrine of estoppel by marking could not permanently prevent a licensee from challenging validity, in accord with the abolition of licensee estoppel in *Lear*. But the *Roberts* case, as Sears ignores, has nothing to do with the issue of estoppel to assert invalidity, either by a licensee or because of marking. Nothing in *Beckman* treats of the defendant's liability arising out of the past use and reliance upon the patent, a liability which was directly addressed by the court in *Kraly and Moraine* and by other circuits in the cases cited in note 16, above.

⁵ In his concurring opinion, in *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 233, 11 L.Ed.2d 661, 668 (1964) Justice Harlan recognized the importance of state public policy by reasoning: "Vindication of the paramount federal interest at stake does not require a State to tolerate . . . specifically oriented predatory business practices." This view became the majority opinion and law of the land in *Lear*, 395 U.S. at 662, n. 10, 675; and *Kewanee*, 416 U.S. at 474, 481-82, 487.

For purposes of obtaining an adjudication of the patent, the license reserves ownership for the licensor and grants possessory rights to the licensee, thereby enabling them to be adverse parties. An assignment, to the contrary, transfers all ownership title and interest to the assignee, completely removing the assignor from the status of an adverse party concerning the patent property, as a matter of law. *Waterman v. Mackenzie*, 138 U.S. 252, 34 L. Ed. 923 (1891); *Grantham v. McGraw Edison Company*, 444 F.2d 210 (7th Cir. 1971); *semble*, *Maloney-Crawford Tank Corp. v. Rocky Mt. N. Gas Co., Inc.*, 494 F.2d 401 (10th Cir. 1974).

To permit Sears to gain both ownership and benefit of patent ownership through fraud, thereby avoiding the risk of an infringement claim, is the very antithesis of the *Lear* policy of encouraging an early challenge. In practice, permitting Sears to challenge validity at this point would contradict the policies *Lear* intended to promote because there would be no incentive for the patent assignee to challenge the patent unless and until the defrauded inventor fortuitously discovered the fraud, brought an action to rescind against the wrongdoing assignee, and appeared to have a significant probability of prevailing in that action.

The compelling state policy interests of preventing fraud and breach of confidential relationships at stake in this case were simply not involved in *Lear*. There was no issue of wrongful conduct concerning acquisition of the license in *Lear*. Because it did not own the patent, the defendant licensee who repudiated also took upon itself the risk of being sued as an infringer—a risk Sears, as an assignee, never assumed in this case. The trial court perceptively and succinctly described Sears' stratagem when he observed:

Let you gentlemen argue it. I would like to hear you argue the point here before this jury that here is

one of the biggest corporations in the world, that bought a patent, that manufactured millions of the wrenches, still is selling the wrenches that it paid for, still benefiting from it, and now it wants, because it wants to deal with this litigation, its own patent declared invalid. (Tr. 2184-85)

On the first day of trial, the court distinguished Sears' misplaced reliance on *Lear* thus: ". . . this case is in a different posture. You see, this would be a different case if Sears was litigating with somebody else, but Sears is the owner of the patent . . ." (Tr. 69)

As these quotations from the trial transcript show, the District Court, as well as the Court of Appeals, was fully conversant with this Court's *Lear* and *Kewanee* decisions and ruled consistent with them. No conflict exists between any decision of this Court or of any other Court of Appeals and the carefully reasoned result reached by the Seventh Circuit Court of Appeals in this case.

Blonder-Tongue Labs, Inc. v. University of Illinois Foundation, 402 U.S. 313, 28 L. Ed. 2d 788 (1971), cited by Sears for the proposition that one cannot obtain royalty payments from a licensee based on an invalid patent, has no bearing whatever on disposition of this case. Indeed, although Sears implies otherwise by claiming that ". . . the Court below erroneously concluded that *Lear* and *Blonder-Tongue* do not apply to this case . . ." (Sears' Pet. at 11), Sears never cited *Blonder-Tongue* to the District Court or the Court of Appeals, has never placed reliance on it, and apparently has never previously believed it had application. The quotation Sears takes from *Blonder-Tongue* is out of context, for the issue there concerned repeated infringement suits against different parties resulting in contradictory

rulings concerning the validity of the same patent. *Blonder-Tongue* had nothing whatever to do with the protection from fraud of equitable rights between an assignor and a defrauding assignee of all rights in an invention, including patent rights, before any public disclosure of a confidential idea. Indeed, the next sentence written by this Court after the material quoted by Sears recognizes the underlying assumption of good faith thus:

The far reaching social and economic consequences of a patent, therefore, give the public a paramount interest in seeing that patent monopolies spring from backgrounds free from fraud or other inequitable conduct and that such monopolies are kept within their legitimate scope (citation omitted) *Blonder-Tongue*, 402 U.S. at 343, 28 L. Ed. 2d at 808.

Sears' citation of *Scott Paper Co. v. Marcalus Mfg. Co., Inc.*, 326 U.S. 249, 90 L. Ed. 47 (1945), for the proposition that federal policy must always prevail over equity is also grossly overbroad and taken completely out of context, for in *Scott*, the issue was whether the inventor/assignor of a patent to the plaintiff company could practice a similar art for the defendant company under a pre-existing expired patent, not whether a wrongdoer who uses the misappropriated invention and the patent it itself caused to issue thereon must account for ill-gotten gains. The *Roberts* case presents the simple question of determining the equities between private parties when no conceivable harm to the public interest or patent policy can result.

Though Sears speaks of "numerous other federal decisions," the only other decision besides *Beckman* which Sears cites is the totally inapposite old case of *Sinclair Refining Co. v. Jenkins Petroleum Process Co.*, 99 F.2d 9 (1st Cir. 1938). Though Sears labels *Sinclair* "strikingly similar" to the case at bar, *Sinclair* is in fact

further afield than *Lear*, for it involved nothing more than an attempt by the plaintiff to enforce a contract to assign a derivative patent, there being no issue of fraud or other wrongdoing involved. Moreover, in *Sinclair*, the plaintiff was not trying to obtain return of his own property, but to force the defendant to convey the defendant's patent to him. The contract in question specifically limited plaintiff's right to the patent itself, and had nothing to do with the full panoply of property interests which Roberts was misled into conveying to Sears. In addition, as the *Sinclair* court itself stated, the "real issue of the case" concerned the construction of the contract, and whether in fact any information had been conveyed to the defendants from which they were able to obtain the patent the plaintiff demanded. The court found no such evidence. Concerning the admission of evidence, the court held that evidence concerning the validity of the defendant's patent should have been received on the question of damages, but it is crucial to observe the distinguishing feature that in *Sinclair*, the "value of a patent" (99 F.2d at 12) was in issue. In *Roberts*, the value of the patent is not in issue, the issue being whether Sears concealed what it had ascertained from testing of Roberts' prototype and from local market research concerning the great utility and enormous sales appeal of the Roberts design in 1965, whether it fraudulently misrepresented those facts to Roberts by making statements concerning the importance of his invention which were utterly contrary to what Sears had learned, and if so, whether Sears should be deprived of the value of the use of Roberts' invention, being its unjust enrichment.

Perhaps the inapplicability of *Sinclair* can best be illustrated by hypothesizing facts in that case similar to those here; namely, assume that the defendant's patent had been assigned to the plaintiff pursuant to a contract

fraudulently obtained by the plaintiff, that the plaintiff used the defendant's property for many years to its great profit, and then when the defendant charged that the initial assignment contract was obtained by fraud, the plaintiff asserted the patent was worthless. That is a far different case than the simple attempt by plaintiff in *Sinclair* to enforce a contract to assign another party's patent.

From this review of all the authorities cited by Sears, it becomes apparent that the requisite standard for seeking certiorari, that the decision to be reviewed conflicts with other controlling authorities, has surely not been met by Sears' distorted analyses of *Lear*, *Beckman* and *Sinclair*.

Sears, Alone, Has Prevented Adjudication Of The Quick Release Patents It Was Using.

Sears can make no good faith claim that it has, in any way, been deprived of the opportunity to test the validity of the plaintiff's patents by any action of any party or court other than itself. Quite the contrary, from the very day Sears wrongfully acquired plaintiff's property, every position it has taken commercially, legally, and tactically, has been motivated by Sears' desire to both retain and exploit the patent while preventing an adjudication of its validity. As the Court of Appeals noted (*Roberts*, 573 F.2d at 979, 982), Sears obtained from Roberts neither a license, nor an exclusive license, but a complete assignment of all the plaintiff's rights in his invention. Curiously, the correspondence from Sears to Charles Fay during negotiations spoke only of a "license" (i.e. PX. 34), the assignment being first raised and included in the actual contract forwarded for execution.

Second, when Roberts sought to rescind the contract in 1969, by letter and then by filing suit, Sears could have simply agreed to rescind, accepted back Roberts' tender of the \$10,000 royalty payment, and then placed itself at risk of infringement. If Sears had truly believed the Roberts patent to be worthless, doing so would have accomplished the most expedient resolution of the controversy. Sears refused to rescind and return all rights it obtained from Roberts, has continued to refuse to this date (still attempting to hold plaintiff's rights to sue for past infringement), and has even offered to abandon its appeal if it can hold Roberts' patent. The Appellate Court specially noted the "disingenuous" nature of Sears' argument on this point. (*Roberts*, 573 F.2d at 981).

Third, Sears could have brought suit against any competitor who began marketing a Quick Release wrench after the several years of exclusive control of the market Sears enjoyed, and if the patents were truly worthless, we presume the courts would have so ruled. Sears chose not to take this step, either, obviously finding value in the retention of these presumptively valid patents, which is particularly demonstrated by Sears' use of the patent number even through the time of trial in 1976 in its Retail Merchandise List. (PX. 183)

Instead of taking any one of these steps, this large and sophisticated corporation with presumably highly talented and sophisticated patent counsel waited until 3½ years after litigation began to even assert the issue of invalidity, and then chose to do so by filing what was termed an "affirmative defense" to plaintiff's primary claims of fraud, breach of a confidential relationship and misrepresentation. Sears surely must have known that because it had obtained plaintiff's property by assignment, the plaintiff could never be a proper adverse party against whom the validity of the patents

could be litigated. He held no right or interest in them and thereby there could never be any case or controversy between Sears and Roberts until he obtained some proprietary interest in the patents. *Waterman v. Mackenzie*, 138 U.S. 252, 32 L. Ed. 923 (1891).

Judge Leighton quickly saw the charade of Sears' untimely attempt to carry on a one-man declaratory judgment action. Sears itself undoubtedly recognized that "invalidity" could not be an "affirmative defense" absent any claim by the plaintiff for injunctive relief predicated on the patent, as shown by its belated and improper attempt to redesignate its "affirmative defense" as a counterclaim for declaratory judgment near the end of trial when plaintiff had no opportunity to respond to this new claim, even if he could have been a proper party to do so (Tr. 2177-2205).

Sears' tactic, from the day it obtained plaintiff's signature on the contract for assignment, through its manufacture and sale of millions of wrenches with the Roberts patent number imprinted on them, through preparation of this lawsuit, through trial, through the appeal, and to the very steps of this courthouse, has been to doggedly retain and protect the patents it obtained by fraud, not to obtain an adjudication of their "value." As the Court of Appeals observed, "the facts . . . make abundantly clear both that Sears believed that the uncontested patent had significant economic value as a deterrent to competitors and that the patent, in fact, did serve to deter competitors." (*Roberts*, 573 F.2d at 981). Such conduct by Sears refutes any basis for asking this Court to issue its writ of certiorari.

II. THE ROBERTS QUICK RELEASE PATENTS ARE VALID, BUT THAT FACT CAN ONLY BE DETERMINED IN A PROPER ADVERSARY PROCEEDING IN A COURT OF ORIGINAL JURISDICTION BETWEEN PARTIES HAVING A JUSTICIABLE INTEREST IN THE PROPERTY.

Without placing the matter in controversy with proper pleadings in an adversary proceeding in any court, Sears somewhat surprisingly asks the United States Supreme Court to adjudicate *de novo* the validity of plaintiff's patent.⁶ In doing so, Sears tenders an incomplete description of the limited amount of testimony which was properly adduced on the subject at trial, and grossly distorted colored diagrams of the patents on which Sears relies. Plaintiff's response to this irrelevant section of the Sears' Petition will be brief, for it deals with a matter not in issue and can only be intended to try to prejudice the Court's objective review of the facts and law discussed in the foregoing section by showing superficially similar structures which, in truth, differ radically in their design, function, and purpose.

Sears' partial presentation of the patent structures and law is erroneous at each and every turn. First, simple observation of the patent drawings Sears appended to its Petition shows that the coloring is incorrect and misleading. In attempting to show that each of the three structures contains a driving stud in the head (something which is not true), Sears has colored the end portion of the handle in the Carpenter patent

⁶ The *Sinclair*, *NCR Corp.*, and *MacLaren* cases cited by Sears stand not for the proposition that a court of review may determine patent validity in the first instance without the issue being properly raised and the record being properly made in the District Court, but only that the appellate court may exercise its usual appellate jurisdiction in deciding the ultimate question of validity based upon such a properly made record. They are inapposite here, since no such record was or could properly have been created under the state of the pleadings.

brown, when simple observation of the uncolored diagram shows that the brown portion is nothing more than part of the handle as the diagonal lines in the drawing demonstrate. From this error, and from its simplistic listing of the elements of plaintiff's patent claim, Sears concludes that all of the elements are contained in each of the Gonzalez and Carpenter patents. Quite the contrary, however, each of those patents bears striking differences which must be the subject of expert analysis, as Sears itself recognized by producing two expert witnesses at the trial, but to neither of whom Sears makes reference on appeal

Contrary to Sears' conclusory assertions of similarity, the Gonzalez patent claims only a retention function (Tr. 2733), has no recess in the pin, and does not carry the ball detent on a surface of the pin. It is specifically different, being limited to a flange on the end of a pin (Marks' opinion to Schram in 1968, Tr. 2290), and lacks the unique capability of self-adjustment for wear and different sizes of sockets (Fortman at Tr. 2648-50, 2652-62; Youngdahl at Tr. 2733-39, 2757-67). The Carpenter patent differs materially from Roberts' design because it is not even intended for application in a ratchet wrench, but rather in a brace (Supp. A84). Moreover, there is no head, no stud extending from a side surface of the head, and no recess for selective alignment. The Carpenter ball does not ride on a surface of the pin, but upon a leaf spring, the purpose of which is to always force the ball outward to *always retain* a socket. Thus, the mechanism requires two hand operation, one to press the pin, and the other to pull the socket off against the pressure of the leaf spring. Under the pleadings, Carpenter was irrelevant to the fraud case, and on the facts, it is functionally and operationally far afield of the Roberts design. Absent any proper record resulting

from evidence in a justiciable controversy, plaintiff will not further discuss the very technical mechanical considerations involved in analyzing these irrelevant patents.

Sears never, in fairness, mentions the testimony of the well-qualified experts plaintiff called on rebuttal, being Professor Paul Youngdahl, formerly of the University of Michigan, and Norbert Fortman, principal tool designer and executive for Duro Metal Products Company. Without detailing their testimony, both Professor Youngdahl and Mr. Fortman explained at length the genius of Roberts' design compared to the different purposes, structure, and function and the different operational principles of the Gonzalez patent. Sears' heavy emphasis upon comparing the numerous common parts of ratchet wrenches in general, as Prof. Youngdahl explained (Tr. 2733, 2738), is of no persuasive quality when examining the remarkably inventive Quick Release feature which permitted full, one-hand operation for the first time.

Judge Leighton, who had the opportunity to hear the witnesses and judge their credibility, remarked that Mr. Youngdahl is a very qualified man (Tr. 2747), and that he did not think the facts support a finding of invalidity (Tr. 2878), and he concluded:

For instance, after I heard Mr. Youngdahl's testimony, I couldn't find this patent invalid under any circumstances. I would have to have more evidence in which the controversy would be squarely a controversy about his patent (Tr. 2887).

Sears' citation of a number of cases in support of the proposition that prior art may anticipate the challenged patent even though there are differences which are "insubstantial," only begs the question which must be resolved by a proper trial, being what the differences are,

whether they are substantial, and whether they would suggest themselves to one of ordinary skill in the art. From the description above of the testimony which would be available for presentation in a proper case, it is apparent that the differences between these several patents are dramatic and functionally important.

Similarly, Sears' reference to the obviousness concept has no proper place in this Petition, because Sears failed to mention the concept at trial, and because, again, this case is not and was not a proceeding in which the validity of the patent could be determined. If the issue has not been waived, it surely remains one of fact to be resolved in a proper case.

Sears cites a number of cases in a footnote to support the proposition that the statutory presumption of validity is "rebutted and does not apply" where there is evidence of relevant prior art not cited by the patent office. These decisions, however, only state half of the proposition, because many equally authoritative decisions hold that the presumption of validity is not weakened, and may even be strengthened, if the art cited by the patent office was as pertinent or more pertinent to the challenged patent than the uncited art asserted against it. See, e.g. *LaSalle Street Press, Inc. v. McCormick and Henderson, Inc.*, 445 F.2d 84, 93 (7th Cir. 1971); *Lancaster Colony Corp. v. Aldon Accessories*, 506 F.2d 1197, 1198-99 (2d Cir. 1974); *White v. Mar-Bel, Inc.*, 509 F.2d 287, 291 (5th Cir. 1975); *Moore v. Shultz*, 491 F.2d 294, 297 (10th Cir. 1974); *Safe-Gard Products, Inc. v. Service Parts, Inc.*, 532 F.2d 1266 (9th Cir. 1976). Moreover, although Sears does not say so in its Petition, in the District Court, Sears has claimed reliance on a number of the patents actually cited by the examiners in

the Roberts patent. We agree that these are more pertinent than the Gonzalez and Carpenter patents. And it has been held that the presumption of validity is *strengthened* when the art considered by the patent office is the same as the art asserted against the patent in later proceedings. *Chicago Rawhide Manufacturing Co. v. Crane Packing Co.*, 523 F.2d 452, 458 (7th Cir. 1975); *Briggs v. M & J Diesel Locomotive Filter Corp.*, 342 F.2d 573, 576 (7th Cir. 1965); *Schreyer v. Casco Products Corp.*, 97 F. Supp. 159 (D. Conn. 1951).

Because Sears has consistently avoided adjudication of the Roberts patent, because it was not in issue in the District Court, and because any adjudication would require the taking of evidence in a proper adversary proceeding, plaintiff suggests this inapposite argument provides no basis for granting certiorari.

III. THE EVIDENCE ABUNDANTLY DEMONSTRATES THAT PLAINTIFF SUFFERED SUBSTANTIAL DAMAGE AS A CONSEQUENCE OF SEARS' FRAUDULENT CONDUCT.

Based upon the inapposite and overbroad conclusion, not supported by citation of authority, that an invalid patent is valueless, and that absent a valid patent plaintiff has suffered no damage, Sears cites a number of Illinois cases for the proposition that a cause of action for fraud cannot be sustained absent a showing of damage. Response to this contention may be brief, for the Court of Appeals thoroughly reviewed the record and the same argument asserted below to conclude to the contrary that it is "abundantly clear" that this uncontested patent (not "invalid" patent) had significant economic value for Sears enabling it to monopolize a lucrative market for

several years. (*Roberts*, 573 F.2d at 981). Commenting upon Sears' "disingenuous" argument that the patent is valueless even though Sears made every effort to exploit the tremendous economic value of the uncontested patent, the Court of Appeals found "little difficulty finding that Sears' deception caused plaintiff to be injured in fact." (*Roberts*, 573 F.2d at 981).

If that were not enough to show the requisite element of damage, one need only make simple reference to the fact that the plaintiff relinquished to Sears not only a patent (which the plaintiff himself did not even know would issue), but the disclosure itself, the property of his prototype tool, his right to commercialize his invention worldwide, and the freedom Sears obtained from fear of an infringement action based on the Roberts patent. This frivolous argument affords no basis on which certiorari could conceivably be granted.

IV. THE TRIAL JUDGE'S CAREFUL RULINGS ON EVIDENTIARY ISSUES AFFORDED SEARS A FULL AND FAIR HEARING OF ITS THEORY OF DEFENSE.

Last, although again exhaustively reviewed by the Court of Appeals, Sears asks this Court to review this case based on a claim that evidentiary errors somehow denied Sears a fair trial. Regrettably, plaintiff must necessarily show in response that Sears' representations concerning the admission and exclusion of evidence contained in its Petition are demonstrably false.

Without repeating plaintiff's correction of Sears' description of what evidence was admitted for the plaintiff and excluded for the defendant concerning prior art (see Corrected Statement of Facts, at 10-12), it is sufficient to state here that plaintiff offered absolutely no

evidence concerning prior art except to describe the problems mechanics experienced in trying to remove sockets from the type of ratchet wrenches available on the market at the time Peter Roberts invented his Quick Release Device. Defendant was fully able to "oppose this evidence," had there been any evidence of a wrench available on the market containing the quick release feature. There was none. The Carpenter patent and other prior patents were asserted by Sears, not to rebut plaintiff's showing of the state of the commercially available wrench market, but to try to support its procedurally impossible argument about invalidity.

Contending that the Court of Appeals "erroneously perceived" that Sears' tender of such evidence went only to the issue of invalidity, an accusation against the Court of Appeals which is not true, Sears claims that the Carpenter patent and other excluded prior patents should have been admitted on the issue of "the value of plaintiff's patent." (Sears' Pet. at 25). Sears unaccountably continues to misapprehend the nature of the case which was tried in the District Court and affirmed on appeal. There was no issue in the case concerning the "value of plaintiff's patent." Indeed, it is Sears' patent to date. As the Court of Appeals approved, Judge Leighton carefully allowed Sears to introduce evidence which showed its state of mind and its valuation of Roberts' invention at the time it made its representations of poor merchantability and low value to Roberts. Sears judgment then was admittedly not based on the Carpenter patent. Sears' transcript reference to other patents which were then in its possession is misleading, for those were excluded not because they were unknown to Sears, but because Sears presented no witness and no evidence to show that Sears relied on them or took account of them in any way in forming its determination of value in 1965.

Concerning the appropriate measure of monetary recovery, none of this art could possibly be relevant unless the validity of plaintiff's patent had been in issue. As mentioned several times, the issue was not the value of plaintiff's patent, but the value of the *benefits Sears obtained* from use of plaintiff's invention, which included not only the presumptively valid patents, but the prototype, the disclosure itself, and the right to commercialize the invention in other countries.

Sears' contention that plaintiff argued below that "the value of his patent was the very nexus of his lawsuit" and that ". . . the trial court instructed the jury that its verdict should be based upon the value of the patent or idea (Sears Pet. at 25) misstates the very references Sears cites, which show that plaintiff's brief requested the value of *the use* of the property (PB 31, 32) and an award of money to measure the deprived value and to prevent unjust enrichment (PB 32). Particularly offensive is Sears' misstatement of the instruction involved, which did not speak of the patent at all, but only allowed the jury to consider the profits Sears received from plaintiff's Quick Release invention and idea. (Tr. 3469; A. 485; *Roberts*, 573 F.2d at 980, n. 2).

Defendant had a fair trial. No error whatever concerning the admission or exclusion of evidence has been shown, much less such error as would justify the grant of certiorari.

CONCLUSION

Nothing in public policy or patent law remotely suggests that a corporation guilty of fraud, breach of a confidential relationship, and misrepresentation may immunize its misconduct and protect its unjust enrichment by asking that its own patent be held invalid in a proceeding with no adversary and no justiciable controversy. The opinion of the Court of Appeals is consistent with controlling decisions of this Court and the other Circuit Courts of Appeal. Respondent respectfully requests that Sears' Petition for Writ of Certiorari be denied.*

Respectfully submitted,

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* In the event Sears' Petition is allowed, plaintiff respectfully requests that his pending conditional Cross-Petition For Writ of Certiorari, No. 78-29, also be allowed so that the Court has before it all of the issues affecting both parties.

APPENDIX

RETAIL MERCHANDISE LIST

Date: _____ Dept. No. _____ Year: 1974-76
 Issued: Jan. 26, 76
 Price: "00"

AUTOMOTIVE MECHANICS TOOLS

TWO YEAR LIST

DISTRIBUTION EXPLANATION

The number shown in the upper right hand corner of this page is the distribution number authorized for your store for this List. All reference to this distribution number in this List is information specifically directed to your store.

Dist. 001 indicates stores in all territories in the dollar volume category up to \$150,000.
Dist. 002 indicates stores in all territories in the dollar volume category \$150,000 to \$250,000.
Dist. 003 indicates stores in all territories in the dollar volume category \$250,000 to \$400,000.
Dist. 004 indicates stores in all territories in the dollar volume category \$400,000 and over.

This list replaces pages D-A thru B13-106
 Issued 7/26/77 and consists of the following stock bearing units:
 Over 5,400,000 to 5 OVER

SKU'S OFFERED

P/N	B1	B2	B3	B4	B5	Total SKU's
112	11	13	15	2	153	606
115H-B0	15H-B1	15H-B2	15H-B3	15H-B4	15H-B5	TOTAL HSB'S
SKU'S AFFIRMED (Below is for Store Use)						
B0	B1	B2	B3	B4	B5	Total SKU's

Division Manager

IMPORTANT - BEFORE SETTING UP THIS NEW MERCHANDISE LIST FOR LINE SELECTION AND ORDERING, FIRST READ THE COVER SECTION DETAILING THE PRINCIPLES OF MERCHANDISING THIS LINE OF MERCHANDISE.

If you are receiving more copies of this list than you need, or if this line of merchandise is not carried in your store, fill out and return this Coupon to:

Dept. 609 Chicago

AUTOMOTIVE MECHANICS TOOLS Dist. No. 094
 (Name of List)

We are now receiving _____ copies of the above list.
 We require only _____ copies.

(Store Stamp) (Store Manager)

3% ADDITIONAL HANDLING CHARGE

GET YOUR INITIAL ORDERS IN ONE TIME AND AVOID THE EXTRA CHARGE OF 3% (AT SELLING) ASSESSED ON ALL LATE INITIAL COVERAGE PURCHASE ORDERS OR REQUESTIONS FOR THE FOLLOWING SEASONAL LINES.

SEASONAL LINES

ORDERS MUST BE RECEIVED BY

NOTE

Identify all requisitions and purchase orders for initial stock with "Initial Coverage" stamp. The order due date and 3% penalty does not apply to Foreign Stores. Send your orders in as soon as possible.

BASIC-BASIC ITEMS

Basic-line Items of Merchandise constitute the MAJORITY of items which must be carried by all stores with 32,500 Sq. Ft. or more of selling area excluding farm store and service stations.

PRICING

The Prices and Markup shown in this list are RECOMMENDED on a logical price point basis. These prices are for your GUIDANCE; shop competition before establishing your store selling price for any item.

THE NATIONAL BALANCE OF SALE

for this Merchandise List is on Levered Page D-C/2

Average Markup for this List is 49 %.

National Merchandise Manager
 Retail Sales Manager

RATCHET WRENCHES, MISCELLANEOUS ATTACHMENTS, AND ACCESSORIES FOR SOCKETS (CONT'D.)

[illegible]